World Chronicle

UNITED NATIONS

PROGRAMME: No. 721 recorded 15 October 1998

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SOUTH/SOUTH TRADE

How to enhance links between developing nations? How can these countries assist one another in achieving equitable partnerships in economic development? John Ohiorhenuan, Director of UNDP's Special Unit for Technical Cooperation among developing countries discusses South/South trade in these times of globalized economies.

WORLD CHRONICLE is produced by the Media Division, Department of Public Information, United Nations, New York, NY 10017, U.S.A.

Duration: 28:00"
Executive Producer: Chaim Litewski
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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**. Twenty years ago, in Buenos Aires, Argentina, 138 countries met for the first time to discuss technical cooperation among developing countries. The outcome was a plan of action to bridge the countries of the South, encouraging them to assist one another to achieve equitable partnerships in global development. But has the plan of action really fostered trade among developing countries? And in these times of globalized economies, is there a space for South/South trade?

Our guest today is John Ohiorhenuan, Director of the United Nations Development Programme's Special Unit for Technical Cooperation Among Developing Countries.

Joining me to talk with Mr. Ohiorhenuan is Bhaskar Menon from *International Documents Review* and Farhan Haq from *Inter Press Service*. Mr. Ohiorhenuan welcome to **World Chronicle.**

LITTLEJOHNS: Mr. Director, the question has been asked in the introduction, has the plan of action really fostered trade among developing countries? Has it been a success?

OHIORHENUAN: I think the answer will be, it has been a qualified success. First, let me say that the plan of action was supposed to foster more than trade. But let's focus for a minute on the trade issue. Almost directly related to the Buenos Aires Plan of Action came all these movements towards greater regional integration in Africa - the ECOWAS, the COMERCAS - all these African integration organizations and even in Latin America. So a lot of these movements...

LITTLEJOHNS: These are acronyms for various inter-governmental organizations?

OHIORHENUAN: These are basically acronyms for inter-governmental organizations for economic integration. ECOWAS stands for the Economic Cooperation of West Africa States and PTA stands for the Programme of Trade for Africa. And the idea at

that time was by coming together on the basis of these regional blocks, intra regional trade was going to be raised. It was also going to provide a much wider market for international capital and the point is that a lot of these activities were initiated as a direct result of the Buenos Aires Plan of Action. So to that extent, yes, there has been a great deal of movement.

LITTLEJOHNS: You are from Nigeria I believe. Has Africa been given priority since the Plan of Action was adopted 20 years ago?

OHIORHENUAN: To a great extent, yes. But the Plan of Action stressed that most of the efforts need to be made by the countries themselves. So, of course, the Africans themselves have tried to put some of the initiatives into the Plan of Action into operation. And that's why you have the Organization of African Unity again stressing this issue and trying to bring countries to work together. Internationally there has also been a greater commitment towards Africa partly as a result of that Plan of Action and you find not just more advanced developing countries like Brazil or Indonesia playing a much more active role in Africa, but in fact, developed countries also putting in their own little bit to support intra-Africa development.

LITTLEJOHNS: In Africa, of course, you have a giant in the south, so to speak, South Africa. Of course, Nigeria is also a giant. But how do these two giant countries relate to the smaller countries of Africa which are the majority?

OHIORHENUAN: In West Africa, Nigeria is obviously the leader there and not much progress will be made in West Africa unless Nigeria is really finally back on the straight and narrow as it were.

LITTLEJOHNS: Meaning, returning to democracy.

OHIORHENUAN: ...return to democracy, has in place a much more rigorous economic policy framework and basically tries to put its economic policy house in order.

LITTLEJOHNS: And what about the influence of South Africa?

OHIORHENUAN: The influence of South Africa is very much the same. South Africa, of course, because of its own internal dualism, needs to resolve that problem to make its overtures to the rest of Africa much more credible. But precisely because it does

have a lot of the opportunities of the developed country, it offers a great deal of opportunities and promise for the countries in its region.

LITTLEJOHNS: But South Africa is still considered to be a developing country?

OHIORHENUAN: Yes. If you look at per capita incomes it is not a developing country, but when you consider the disparity in those incomes there are a lot of ways in which ninety percent of South Africa is developing and it's only ten percent that can be really seen as part of the developed world. And that's the dualism that I was talking about in the South African economy.

MENON: Twenty years ago when the conference was held, a major element of the thinking was that technical cooperation among developing countries would help them move away from patterns set during the colonial period. To what extent has this hope been realized?

OHIORHENUAN: Not, quite honestly, as much as one would have expected. The vertical lines as it were between countries of the south and the old colonial masters are still quite strong. And of course success deals in success. And because there has been so much of this success of interaction historically, much of that remains a part of the reality of countries in the South. However, there is a much greater awareness of commonalities with neighbours, of commonalities between countries on different continents but all in the South, and much of that has been a result of these plans of action.

MENON: When you say that there is greater awareness, at what level? At the level of policy makers, at the level of corporate executives?

OHIORHENUAN: Most importantly, certainly at the level of policy makers. You find that there is a greater coming together of countries in the South in pursuit of common interest and international forums. But also, and it has much more importantly especially in the last ten years, there has always been a greater awareness at the corporate level when you look at the amount of Asian investment in Southern Africa or the amount of Brazilian investment in Francophone-Africa for instance or the amount of Asian investment in Latin America. A lot of this is recent.

MENON: It's quite astonishing that the largest investor in Liberia I now

understand is Malaysia.

OHIORHENUAN: It's Malaysia, that is correct.

FARHAN: Now some of that effect has to do with the fact that some of the most prosperous Southern countries were the countries of east Asia, of Brazil. But many of those countries are now in crisis because of the global financial problems on the currency markets. How do those problems, given that these were the most successful members of the Southern community, how does that crisis affect South-South cooperation? Does it add to the challenges and what sort of steps could be taken under this current crisis to make sure that the cooperation among Southern countries does not get damaged?

OHIORHENUAN: I think there is a sense in which the crisis itself, offers an enormous opportunity to strengthen South-South cooperation precisely because it tells the most successful Southern countries that they are not totally out of the woods yet, that vulnerability is still there and therefore, the commonality that they've got with the other countries is still very much there. On the other hand, it shows the other countries just what is possible with a given combination of economic policy and social policy, but they also would learn that there are limits to these possibilities. Now, of course, while the economy might falter in countries like Thailand, countries like Malaysia, there is a lot more, their success is a lot more than just the economics. There are all the efforts that have succeeded in the area of human resources development, the skilled manpower they've got on the ground. All of that is going to remain even with the crisis. And there is perhaps a slight perverse sense in the fact that a lot of this skilled labour might in fact be now surplus, given their own conditions and that surplus could be very easily used and absorbed in African countries. But that window of opportunity is not going to materialize by itself. It will have to be actively cultivated.

MENON: And who would have to cultivate it?

OHIORHENUAN: Well, we as the unit in the United Nations responsible for pushing these activities, will have to do a bit of actually bringing that issue to the awareness of policy makers.

MENON: Within the UN system or ...

OHIORHENUAN: Within the UN system but also importantly with the countries themselves. Fortunately we do have as it were, so called focal points in most of the developing countries - focal points for technical cooperation among developing countries. And one of the things we will try to do is to bring this possibility to the awareness, in the expectation that some of them will carry forward.

MENON: Can I try to put this in the context of the real world. For instance, if you take your region - West Africa, or our region South Asia, we have exactly the same problem which is that politicians like to create trouble. And they create trouble by having one group hate another group, or one country hate another group. Within this context how realistic is it to expect that a policy making an intellectual decision, that we must do this for the benefit of all our people, what hope is there of that kind of thinking having an effect on the real world.

OHIORHENUAN: No policy, as you know, becomes translated by its mere expression. In fact, I will hazard that the policies that do get translated are those from which people expect to benefit. There must be champions of some policies and I believe there is a strong, at least potential champion, for increased south-south cooperation in the current economic crisis and that's the private sector. There is a sense in which the African market is still largely unexploited. A lot of that is, of course, due to the political instability on the ground, but precisely because the risks are greater the rewards are also greater. And familiar grounds are now a bit more dangerous so there is a sense of which I think the private sector will soon find that it is important for them to try and exploit this window of opportunity. And by that, I am talking about the South-East Asian private sector because some of that money, a lot of that money is still there. It hasn't completely disappeared. But there is also a sense in which the private sector, say in Africa, would begin to realize that there are opportunities of trade and export to South-East Asia.

FARHAN: Now, in the past, many times it was governments who encouraged the rise of technical cooperation. You can think of Cuba exporting a lot of its doctors across the Caribbean, into countries like Angola or India, sending many computer experts, but these were mostly government-based. Have you seen any rise of comparative activity

among the private sectors of Southern countries where they have encouraged more of a technological cooperation, a technical cooperation with their neighbours?

OHIORHENUAN: In the private sector quite a bit of that is happening, again not as much as one would have liked, but certainly you find there's a greater international investment. One of the largest private sector investors in Africa now is actually the Ghanaian gold fields - the Ashanti gold fields. And they have got investments almost all through Eastern and Southern Africa. In the same way, you find as I think we mentioned earlier, that Malaysia is the largest investor now in Liberia. So there is the private sector rising to the occasion. There is, of course, another dimension where the transfer of skills can now actually take place without people actually moving in the sense of using the new information technology and things like that. And some countries in the South are much more advanced in that respect and some of these skills are being used in search of market opportunities. So while the role of government might seem to be falling or stagnant, we find that the private sector is increasingly rising to the occasion in my view.

LITTLEJOHNS: Mr. Ohiorhenuan talking of the private sector rising to the occasion, not so long ago the private sector, transnational corporations in particular, were demonized to a great extent in the United Nations. Has that attitude now completely been reversed and is everyone welcoming private sector direct investment?

OHIORHENUAN: I think that it would be too much to say that everyone now welcomes the private sector. But certainly most people now recognize that the private sector has a critical role to play. The problem, however, is that, unless the private sector lives up to its own social responsibilities it is going to run into a backlash, and it's that kind of backlash that generates the demonization. If I may give an example, as you may be aware, there's a whole lot of complaints against oil companies in South-Eastern Nigeria.

LITTLEJOHNS: Mainly Royal Dutch, I believe.

OHIORHENUAN: Mainly Royal Dutch yes. And while one might argue that oil is absolutely necessary, in fact it's the basis of the Nigerian economy, the fact still remains that the kinds of things that the oil companies cannot get away with in their home base, they do often try to get away with in developing countries. Part of the time I must admit,

of course they are doing this in connivance with local power holders, but from the viewpoint of the people, they are looking at an oil company generating a lot of resources and not cleaning up the environment, or at least making the people share in some of the benefits.

LITTLEJOHNS: So, to some extent there are demons around in the transnational corporations?

OHIORHENUAN: Yes, yes, I think so.

LITTLEJOHNS: This is **World Chronicle**, our guest is John Ohiorhenuan, Director of the United Nations Development Programme's Special Unit for Technical Cooperation among Developing Countries.

MENON: Over the last 20 years, there have been a number of adjustments, there have been profound changes in the world economy, in the political situation of the world - the Cold War has ended - all kinds of tremendous changes. To what extent has the thinking about TCDC, Technical Cooperation among Developing Countries, adjusted to these changes?

OHIORHENUAN: The fact of globalization has meant that the old sharply drawn North-South lines are not really relevant anymore. Having said that, the world that we are entering is a world where a lot is done on the basis of multilateral rules, on the basis of calls for international regulation. And once you have these kinds of situations, it's based on negotiations, and in negotiating positions we find that countries that have a lot in common do tend to come together. That's at least one area where the need for South-South cooperation is absolutely fundamental, even in an era of globalization. I may give, for instance, an example of negotiations on some of the dimensions of the World Trade Organization. I think that you will find that it is a lot more common between say Nigeria and India in the area of intellectual property rights or protecting indigenous knowledge than you would find between say India and the United States on that score. There will be other areas, of course, where the interest of the United States and those of Brazil's coincide, but in general I think there are a whole lot of areas, new areas to be negotiated, new agreements to be reached where being able to table in a rigorous fashion, the

common interest of the South is extremely important these days.

MENON: You passed a resolution, the UN did, calling for new directions in technical cooperation. What does that mean? What new directions?

OHIORHENUAN: The idea of the new directions was to shift in a sense the focus from politics or from talking to actually getting collaboration on practical matters, practical areas of investment in particular sectors. And the new directions were supposed to elicit from countries a commitment to actually come together on agriculture, in the areas of health, and in the areas of agriculture. And countries were making individual commitments, bilateral commitments in groups of countries and multilateral commitments. So the essence of that new direction was supposed to move countries from coming together in large numbers to debate ad nauseam about issues, about grand issues of world policy.

MENON: Has that worked? Has that really happened?

OHIORHENUAN: That's partly what is generating some of the results that I was talking about earlier. The increased trade between Asia and Southern Africa, the increased relationship within African countries, the increased relationships and the search that Brazil is still conducting for larger markets in Africa and things like that because there are areas of opportunities here. And what the new director was trying to do was, in fact, to impress on governments, because, when it boils down to it a lot depends on policy that you have to put in place the kinds of policies that will make and provide the support.

FARHAN: Are industrialized governments playing along with this effort to foster more cooperation? You have written in the past about examples of unabashed acceptance of plutocracy, such as for example, the reliance more on bodies that depend, that weigh their vote depending upon who pays more, such as the World Bank presumably, and the International Monetary Fund, rather than on one nation, one vote bodies like the United Nations. How are the rules of modern-day international cooperation affecting the sort of development that you would like to see happening?

OHIORHENUAN: I think there is a sense in which, because of globalization there is a much more general acceptance of the role of the market. I think, however, that the

virtues of the market can be sometimes exaggerated. But by focusing on exaggerating the virtues of the market one neglects the issues relating to social policy, the issues of safety nets. And what I will argue is that the situation where a lot of things are based on negotiations - the powerful will, of course, benefit the most, and the poor will really have no other assets except their numbers. So it is important for them to get together and at least table a small number of common issues that they can then put their major efforts behind.

MENON: But this raises the point of North-South relationships. In the beginning right after the first part of the decolonization phase, there was the Bandung Conference where Asian and African countries got together to chalk out a common agenda. And so at that time, of course that was in the context of the Cold War. At that time the industrialized countries including the United States and Britain, were very much opposed to this whole initiative of the developing countries getting together. To what extent has that changed?

OHIORHENUAN: I think it's changed quite a bit because the getting together of developing countries is not perceived as threatening as it was in those days. And that's again why I said that the lines are a bit more blurred now. There is a much greater acceptance that to the extent that countries getting together means that they are going to try and give a push to their own self-reliance, it's a good thing to support. And I should mention that one of the things that the Administrator of the United Nations Development Programme has set up is a South-South Trust Fund following a resolution by the General Assembly and the contributors to that fund are Japan, Ireland, Korea . Those are the three main contributors. When we had the celebration to commemorate 20 years of technical cooperation among developing countries, a vast majority of countries, the European Union, the U.S., Japan, were all very supportive of the idea. One might think that they were hoping that that might take some of the moral pressure off them to provide additional development financing. But for whatever the reason, there is a great deal more support, positive support for South-South cooperation these days.

FARHAN: Even if these other nations are getting more support from the North for their efforts to cooperate, how will they be able to make a difference in a body like the World Bank or the International Monetary Fund or the World Trade Organization? Even if they all unite together in bodies like that, do they have enough weight at this stage that they can actually push for some changes?

OHIORHENUAN: I think so. I think if you consider for instance the World Trade Organization, there is a continuous negotiating process, and therefore even getting issues of common interest to the South on the agenda is already a mark of success because it is very easy for you to participate in a discussion that does not include any issue of interest to you. Getting together allows them to place some of those issues on the agenda and you might win two out of ten, but certainly a lot better in my view than zero out of ten.

LITTLEJOHNS: Mr. Ohiorhenuan, you have spoken quite a bit about Africa, understandably since you come from that continent, but what about the amount of South-South cooperation in a region like Latin America? Are major countries like Brazil and Argentina, Chile - are they working comfortably with the less affluent countries of the region?

OHIORHENUAN: I am glad you brought that up because in fact a great deal, perhaps in absolute amounts, the largest amount of South-South cooperation taking place is within Latin America with countries like Brazil, Argentina, Chile and even Colombia taking the lead in providing support for other less well endowed Latin American countries. Even countries like Cuba are both recipient and really donors in areas where they've got capacities like medicine and things like that. But one of the programmes, for instance, that we are supporting is one where you find that Venezuela, Brazil, Argentina and Chile are all coming together to provide training for Brazilian economic managers on the details of a market economy.

MENON: Looking at another group, in fact the opposite end of the spectrum, the least developed countries, how are they doing with cooperating among themselves?

OHIORHENUAN: The least developed countries are probably the ones most difficult to deal with in the sense that compared to countries like Brazil, the least

developing countries do not have much skills to offer, so they are basically more recipients. But also because of their particular position you find that the poor countries, they are generally landlocked and so on, they do not seem attractive from the private sector point of view. But even for these countries you find that they are embraced in general terms by regional cooperation movements. Certainly in Africa, that's one of the main ideologies of the Economic Cooperation of West Africa States, to say that we must give particular attention to these least developed countries.

MENON: Is there a single problem which you would point to as retarding cooperation among developing countries?

OHIORHENUAN: I think that if one were to name one, it would simply be their own self-confidence. Their confidence in their ability and in their expertise.

LITTLEJOHNS: Mr. Ohiorhenuan, we are almost out of time, but it sounds as if you are fairly optimistic about things, yes?

OHIORHENUAN: I am absolutely optimistic, yes.

LITTLEJOHNS: Mr. Ohiorhenuan, that's all the time we have, thank you for being with us on this edition of **World Chronicle**. Our guest has been John Ohiorhenuan, Director of the United Nations Development Programme's Special Unit for Technical Cooperation among Developing Countries. He was interviewed by Bhaskar Menon of *International Documents Review* and Farhan Haq from *Inter Press Service*.

I'm Michael Littlejohns, thank you for joining us. We invite you to be with us for the next edition of **World Chronicle**.